

DISPATCH NO 2434-224

CLASSIFICATION

DATE: 13 March 1963

TO : Chief, []
FROM : Chief of Base, Salisbury
SUBJECT: Operational/MIWAT

Meeting with [] and Peter D. Ledwin

1. Please find attached hereto a contact report with Peter D. Ledwin. At the onset of the meeting, [] attended and thus, for convenience sake, topics discussed with the latter are also included in the report.

2. We plan to permit Ledwin to listen to Matyas DAKO's proposals, and also to maintain sporadic contact with Gyula MELKONY, an alleged British sponsored ZAKO affiliated intelligence operator.

T.H.U.

Distributions:

- 4 - Wash (w/attach.)
- 3 - Vien (w/l-attach.)
- 2 - Sala chron
- 1 - Fran
- 1 - DND, Attn: [] (w/attach.)
- 1 - Sala file

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SOURCE/METHOD/EXEMPTION 3/20
NAZI WAR CRIMES DISCLOSURE CT
DATE 2008

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SECRET
SECTION 1 CLASSIFICATION

REF: 61-28A

IN COPY

38-6-1-340

MEMORANDUM

TO :

FROM :

SUBJECT: Meeting with Peter U. Lodwein on 18-19 February

Meeting Arrangements

On 18 February 1953, Lodwein was summoned to the office of J. [redacted] at 1100 hours to discuss current operational matters and to have Lodwein assist in concluding the SZANTHO investigation. [redacted] and [redacted] were present at the first meeting, which was continued at various times and places during the course of [redacted] Frankfurt sojourn during the two days, 18th and 19th of February, as time permitted.

Operational Matters

DS-527

2. [redacted] brought up the case of DS-527 stating that the revised OB reporter had not reached the Salzburg base nor the casing report on the location of target personalities named by DS-527. Regarding the OB report, the finding was that the revised data obtained from DS-527 contains little factual information and even this can hardly be evaluated in view of the tendency DS-527 has to over-sell himself. The decision was made, with the concurrence of [redacted], that the material will be forwarded in memorandum form to Headquarters and Salzburg Base, and will not be published in report form until evaluation of the data has been received by URO.

3. Regarding the casing reports on the approaches and locations of the target personalities named by DS-527, Lodwein promised immediate action.

4. [redacted] handed to [redacted] a roster of the published WUNDER reports based on the material furnished by DS-527.

DS-539

5. [redacted] was informed that DS-539 was disgusted with the monastery life to which he was confined in the holding area and disappeared on 17 February. In the course of his handling he appeared to be sincere, manageable and very cooperative. He was striving to obtain greater freedom of movement but there were no signs that he planned to escape. The case was reviewed and the conclusion reached that DS-539's escape is not due to enemy control or ties but merely to his youthful unreason. German, British, French and U. S. authorities were alerted and [redacted] expressed hope that he will be relocated because DS-539 could be easily spotted. He speaks only Hungarian and on one of his hands three fingers are mutilated.

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to use the only empty seat in the restaurant at that time. In the course of the ensuing conversation, MALLONBY had no difficulty establishing that Lodwein is a Hungarian. When questioned, Lodwein stated that he is employed in Frankfurt by the Americans as translator. The following was learned by Lodwein in the course of this conversation:

12. MALLONBY was born in 1911 at Karad, Somogy County, Hungary. He is a graduate of the Budapest University for Economics, finishing his studies in the early thirties. After completion of his studies, he joined the Hungarian Army Intelligence as an officer of the reserve, on trial basis, with a rank of 1st Lieutenant. At the end of World War II he found himself with other Hungarian officers in Innsbruck, Austria, and made a living at first as instructor in a riding academy established for the French troops. MALLONBY claims to be a founding member of the MHBK. After a year or two in the Innsbruck area, he came to Germany and married the daughter of a rich German lawyer in the Pergisch-Gladbach area. From this marriage they have a small daughter named Christina. MALLONBY is now in the lace import business. He imports laces to Germany from France and Hungary. MALLONBY claims that an unidentified member of the British intelligence contacted him in Germany (on an unspecified date) and requested that he make contact with the Hungarian Trade Commission in Frankfurt in order to start importing textile goods from Hungary. After receiving a few shipments, he found that the merchandise received was, to a large extent, defective. On British advice, he did not refuse to accept these goods but did register a complaint with the Hungarian Trade Commission and used the occasion to request permission to have his own receiving office in Budapest so that defective merchandise could be eliminated on the spot. The British Intelligence compensated MALLONBY for the losses suffered by accepting faulty merchandise. Thus far, MALLONBY obtained no answer from the Hungarian Trade Commission. He is confident, he stated, that his business representative in Budapest could be developed into an intelligent agent. MALLONBY further related to Lodwein that he feels he is on the wrong side, working for the British. To his British superiors, MALLONBY suggested to contact the Americans in order to enlist American support for the project. This the British refused. At this point, MALLONBY asked Lodwein whether he has any contact with U. S. intelligence organizations and in case he would have such contacts he would like to submit to them, in the German language, his plans to build up an intelligence cover organization in Budapest.

13. Regarding the MHBK, MALLONBY told Lodwein that the organization is currently in great crisis. Morale is low and even the founding members of the organization no longer trust the leadership. The rank and file of the organization feels that something is wrong but find no other military organization to join. MALLONBY claims that in January of this year he paid a visit to Otto von HAPSBURG in Paris suggesting to him the formation of a Hungarian Governing Council, composed of Otto von HAPSBURG, HORTHY and former Prime Minister KALLAY which, in turn, would delegate someone to control the MHBK leadership. Otto von HAPSBURG remained cool to the proposal.

14. At this point, MALLONBY asked Lodwein if he knew one Janos BOMIS. (The spelling of BOMIS's name is different.) Lodwein's answer was "no". MALLONBY

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went on to state that this RONIS claimed to be in American service and claims to have sufficient influence with U. S. authorities to be able to induce them to take over the Hungarian Guard Company formerly sponsored by the French. RONIS told MLLCHY that his American office can be reached by phone and gave MLLCHY the phone number of DRC which the latter repeated to Lodwein. (Comment: It appears from these facts that RONIS and DS-527 are identical.) MLLCHY said he intended to meet RONIS again.

15. Lodwein described MLLCHY as follows: Approximately 5'8", medium build, approximately 140 lbs., dark complexion, shaven face, brown eyes, no glasses, brown hair - combed straight back, oval face, good teeth, normal nose and ears, no special distinguishing marks, erect normal posture. MLLCHY wears a duffle coat and has his own car with German license plates. The car was not seen by Lodwein, however.

Mathias DANKO

16. The former subordinate of Lodwein has kept in touch with the latter, through correspondence, for several years. DANKO resides in Lins and is a prominent member of the British and ZAKO's sponsored intelligence group directed by Antal/HAUNOCZY. In DANKO's recent letter, shown by Lodwein to Nottle (photostatic copy attached), DANKO presses for a meeting with Lodwein and states that he succeeded in locating Luppens' address in Lins and hopes that he can meet Luppens also. DANKO states in his last letter, dated 11 February, that he would like to talk to Lodwein regarding a very important matter and if Lodwein comes to Austria, he would be willing to meet him at any place.

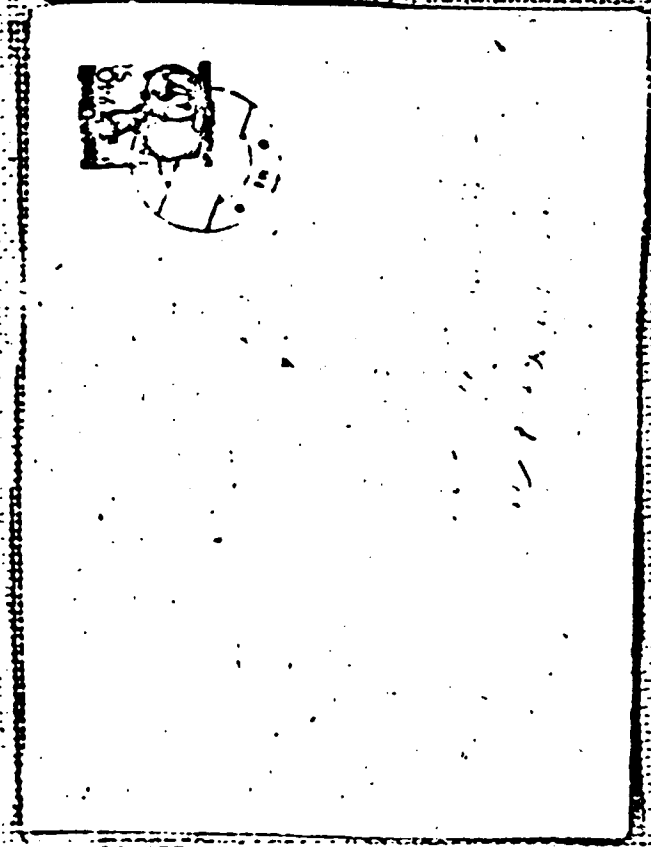
Conclusion

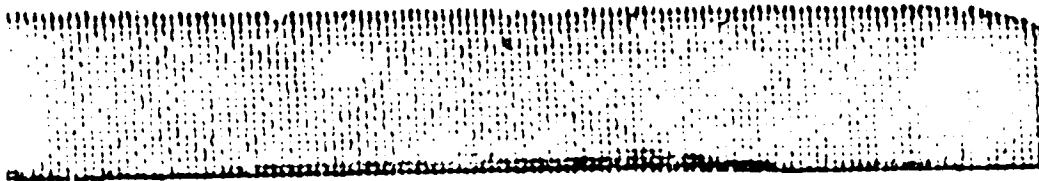
17. In case Lodwein controls himself sufficiently to retain the necessary degree of security, we could and should permit him to meet DANKO and listen to what he proposes.

18. It is planned to call Lodwein to Salzburg for a few days during March 1953 for additional briefing and security indoctrination.

19. Although MLLCHY appears to be keeping in character with certain Hungarian officer types, the question should be raised whether Lodwein did not display more interest than would be normal and whether he maintained proper cover. MLLCHY's question regarding the individual who appears to be DS-527 should not be dismissed as coincidental. MLLCHY may be a provocation agent of MHBK or of another unidentified group. The incident will be analyzed at our next meeting with Lodwein and he will be given warning to avoid becoming a target of intelligence operators as it appears he has now become, illustrated by the approaches cited above.

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